

## **Cattle and Beef Overview**

As part of the current cattle cycle, U.S. beef production increased nearly 3.7 billion lbs. (17%) from 1990 to the cycle high in 1999. Production set a new record in 1999. Cyclical declines are expected from 2000 to 2003 (Over a 10-year cycle, cattle numbers and beef output generally expands and then decreases, in response to changes in costs, prices and profitability.) On a carcass weight basis, beef production continued to increase reaching 26.4 billion pounds in 1999.

The increase in beef output resulted from growth in total cattle numbers, from 95.8 million head in 1990 to a peak of 103.5 million in 1996. Although total cattle numbers have declined since 1996, to an estimated 99.1 million in 1999, the ongoing liquidation of the breeding herd is inflating beef production, maintaining output at historically high levels. Production of all meat and poultry is today at record levels, and average per capita consumption of red meat and poultry was 222.7 pounds, retail weight, in 1999. Average retail beef prices in 1999, at \$2.61 per pound, have made strong increases over last year's \$2.53, the lowest level of the current cycle.

Record total meat supplies and record-high feed costs resulted in sharp financial losses for most cattlemen in 1996, and initiated the first and most aggressive year of herd liquidation during the downsizing phase of the beef cycle. While cow liquidation has slowed from the 1996 peak, cyclical herd liquidation is continuing as producers continue to place a record number of heifers on feed, rather than retaining them for herd replacement purposes. The smaller herd will eventually mean a decrease in beef production and higher prices in 2000-2004. Calf and feeder cattle prices have already improved, and are expected to continue to improve during the next several years.

The feeding industry carried a backlog of market-ready cattle into 1999. This resulted in severe losses as heavyweight cattle added to production levels. Lost bargaining position and record-large pork production also weighed on prices. During 1999, profitability returned to all sectors of the cattle business because of good demand for feeder and fed cattle, and smaller supplies of feeders and calves combined with cheap feed grains. It is expected that market-ready supplies will be much tighter in Fall 2000, and the redirection of heifers away from the feedlot and towards the breeding herd will buoy the market prospects for 2000.

On a boneless weight basis, per capita consumption of beef in 1999 was 65.9 lbs., compared to 51.3 lbs of pork and 53.5 lbs. of chicken. Increased efficiency in production practices is helping keep beef No. 1.

A trend to more open trade and growing demand for quality grain-fed U.S. beef in foreign countries has fostered growth in beef exports, which now account for nearly 9 percent of beef output. Exports of U.S. cattle, beef, and beef products in 1999 totaled \$3.2 billion. The top 1999 markets for U.S. beef were Japan, Mexico, Canada, Korea, Hong Kong and Taiwan.

Source: Statistics throughout based on USDA and National Cattlemen's Beef Association data

## **Colorado and National Checkoff Programs**

In 1965, the Colorado Promotion and Marketing Beef Act formed what is now called the Colorado Beef Council (CBC), for the purpose of promoting beef consumption, educating consumers, and beef research. The mission of the new organization was to maintain and build demand for beef within Colorado, nationally, and internationally through support and extension of national and state market development programs. The very first checkoff collection rate was three cents per head collected by the Colorado Brand Board. The governing board consisted of two cattle ranchers, two feedlot operators, one dairy producer, one meat purveyor, one meat packer, and one livestock market operator. The same board representation continues to this day.

Currently, the Colorado Beef Council operates as a Qualified State Beef Council (QSBC) collecting a mandatory one-dollar per head under the authority of the Cattlemen's Beef Promotion and Research Board (CBB) formed in 1986. The QSBC's in each state may retain up to fifty cents of the money collected in the state for state promotions, but at least fifty cents must be sent to the CBB. The CBB consists of one hundred and ten members; one hundred and three are domestic beef producers and seven represent importers of beef and beef products. The Secretary of Agriculture appoints each board member from nominations submitted by certified nominating organizations.

The Cattlemen's Beef Promotion and Research Board is responsible for approving the annual budget for its national checkoff-funded programs. It contracts with established national, non-profit, industry-governed organizations to implement programs of promotion, research, consumer information, industry information, foreign marketing, and producer communications.

## **Moving Forward in the New Millennium**

In Colorado and nationally, the beef industry is moving forward with an integrated campaign featuring two separate but complimentary messages targeted at American mothers. The first message or driver is one of convenience while the second driver is one of nutrition.

**Convenience** – Two-income households are a reality of today's lifestyles; consequently, consumers are looking for something quick and easy for dinner. The microwaveable beef entrees now available in the fresh meat case of most large retailers fill this need. The aim is to make these products common items at the American dinner table. This benefits the consumers through fulfilling their needs, but it also serves the needs of the beef industry through adding value to lesser cuts.

**Nutrition** – As an industry, it is time to tell consumers the good things about beef. It has zinc, iron, protein, niacin and other important B vitamins. By focusing on nutrition with a positive message, the intention is to make beef a smart choice at the dinner table.

The beef industry's goal is to increase the demand for beef through fulfilling the needs of today's busy consumers and positively influencing their nutritional views. The convenience driver and nutritional driver are both critical to this mission.

In Colorado, the Colorado Beef Council proudly supports both drivers through consumer events, and radio and television advertising. The advertising includes sports marketing with the Denver Broncos, Colorado Rockies, and the Colorado Avalanche. The Colorado Beef Council also focuses heavily on result-based marketing. In retail and foodservice programs, the Colorado Beef Council demands results from industry partners for true accountability.

Working with health professionals is also an important focus of the Colorado Beef Council. Through partnerships with the Colorado Dietetic Association and the American Heart Association, the Colorado Beef Council ensures that health professional and consumers receive accurate information.

***Colorado Beef Council***  
*Our mission is to increase the demand  
for beef through marketing, education, research, and information.*